

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL**

DATE: SEPTEMBER 18, 2009

**SUBJECT: CASE NO. PAC-E-09-07 (PacifiCorp)
PETITION TO INCREASE PUBLISHED AVOIDED COST
INTEGRATION ADJUSTMENT**

On September 11, 2009, PacifiCorp dba Rocky Mountain Power filed a Petition with the Idaho Public Utilities Commission (Commission) for an Order increasing the published avoided cost wind integration rate from \$5.10 to \$9.90 per MWh. Avoided cost rates are the purchase price paid to qualifying small power production facilities (QFs) for purchases of QF capacity and energy.¹ The proposed change will be applicable to purchases by Rocky Mountain Power of electric power from wind-powered QFs except in those circumstances where the QF developer agrees in the power purchase agreement to deliver QF output to Rocky Mountain Power on a firm hourly schedule.

BACKGROUND

The Commission in Order No. 29839, Case No. IPC-E-05-22, found that the supply characteristics of wind generation and related integration costs could provide a basis for adjustment of the published avoided cost rates, an adjustment that may be different for each utility. In subsequent Order No. 30497 in Case No. PAC-E-07-07, the Commission approved a Settlement Stipulation which by its terms required Rocky Mountain Power to file notice with the Commission of any changes to its wind integration costs as reflected in subsequent changes to its Integrated Resource Plan (IRP). Settlement Stipulation, Section III(a)(c)(d).

¹ Reference Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) and the implementing regulations of the Federal Energy Regulatory Commission (FERC).

PETITION

Rocky Mountain Power submits as Exhibit A to its Petition, an excerpt from PacifiCorp's 2009 IRP Appendix F – "wind integration costs and capacity planning contributions" in which PacifiCorp provides a description of the methodology used and the results derived from PacifiCorp's analysis of the wind integration cost issue. The Company's 2009 IRP wind integration cost analysis identifies its wind integration cost to be \$9.96 per MWh. The Company filed its 2009 IRP with the Commission on May 29, 2009 in Case No. PAC-E-09-06. A Notice of the Company's IRP filing was issued on June 24, 2009; the deadline for filing written comments was July 31, 2009. Commission Staff was the only party to file comments. On September 15, 2009, the Commission issued an acceptance and acknowledgement of the Company's 2009 IRP filing.

COMMISSION DECISION

Rocky Mountain Power and Commission Staff recommend that the Company's Petition be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204. Does the Commission concur with the recommended procedure?



Scott Woodbury
Deputy Attorney General

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